Bing

Itemized deductions are certain expenses allowed by the IRS that can decrease your taxable income (aka the amount of your income that's subject to taxes). When you itemize on your tax return, you opt to pick and choose from the multitude of individual tax deductions out there instead of taking the flat-dollar standard deduction[1]. Here are some key points about itemized deductions:

1. **Types of Itemized Deductions**:
    - **Medical Expense Deduction**: You can deduct a certain percentage of unreimbursed medical and dental expenses paid out of pocket (not covered by insurance).
    - **State and Local Taxes**: Deduct state income taxes, property taxes, and other local taxes.
    - **Mortgage Interest**: If you own a home, you can deduct interest paid on your mortgage.
    - **Charitable Contributions**: Deduct donations made to qualified charitable organizations.
    - **Job-Related Expenses**: Certain work-related expenses, such as unreimbursed business travel or job-related education costs, may be deductible.
2. **Advantages and Disadvantages of Itemizing**:
    - **Advantages**:
        - Potentially larger deductions than the standard deduction.
        - Tailored to your specific situation.
    - **Disadvantages**:
        - Requires more record-keeping and documentation.
        - May not be beneficial if your total itemized deductions don't exceed the standard deduction.
3. **Standard Deduction vs. Itemized Deductions**:
    - **Standard Deduction**: A flat-dollar amount set by the IRS based on your filing status. It's a simpler option for many taxpayers.
    - **Itemized Deductions**: You choose specific deductions based on your eligible expenses. If your total itemized deductions exceed the standard deduction, itemizing can save you more on taxes.

Remember, whether you choose to itemize or take the standard deduction, understanding your options can help you optimize your tax situation. Consult a tax professional or use reliable tax software to determine the best approach for your specific circumstances. □□□

For more detailed information, you can explore NerdWallet's article on itemized deductions [1].

Source(s)

1. Itemized Deductions: What They Are, How to Claim - NerdWallet
2. What Are Itemized Tax Deductions? Definition and Impact on Taxes
3. Itemized Deduction Definition | TaxEDU | Tax Foundation
4. Itemized Deductions: What It Means and How to Claim - Investopedia